



Lanco Infratech 1st Quarter FY11 earnings
Conference Call”

August 16, 2010



**MODERATORS: MR. SURESH KUMAR
MR. SAURABH
MR SHUBHAM SATYARTH**



*Lanco Infratech
August 16, 2010*

Moderator

Ladies and gentlemen good morning and welcome to the first quarter FY11 earnings conference call of Lanco InfraTech hosted by Kotak Securities Limited. As a reminder for the duration of this conference all participant lines will be in a listen-only mode and there will be an opportunity for you to ask questions at the end of the presentation. If you should need any assistance during this conference please signal an operator by pressing * and then 0 on your touchtone telephone. Please note that this conference is being recorded. At this time I would like to hand the conference over to Mr. Shubham Satyarth of Kotak Securities Limited. Thank you and over to your sir.

Shubham Satyarth

Hello and good morning everyone. Welcome to the 1st Quarter earnings call of Lanco Infratech. We have with us Mr. Suresh Kumar, the Group CFO along with Investor Relations Team from Lanco. We will begin with the results briefing by the IR Team followed by inputs from Mr. Kumar which will then be followed by the Q&A session. I would now like to hand over the proceedings to the IR Team of Lanco Infratech.

Saurabh

Thanks Shubham. Good morning and welcome everybody to Lanco's Q1 FY11 earnings call. I am Saurabh from the IR Team. I will just quickly walk you through the performance of the company for the quarter and then hand over to our CFO, Mr. Suresh Kumar for his inputs. On the financial performance the operating revenue before elimination is up by 3% from Rs. 24,787 million to Rs. 25,509 million and after elimination of inter-group revenue of 4,252 million the operating revenue stands at 21,256 million in Q1 FY11.

EBITDA excluding FOREX gain/loss and other income is up by 150% to RS. 5,954 million in current quarter against Rs. 2,774million in the corresponding quarter of the previous year. EBITDA margins have improved to 28% from 13% in the corresponding quarter of the previous year. EBITDA margin for the current quarter stands even stronger at 38% without considering the power trading as power trading business has a negligible EBITDA margin. PAT is up by 68% to Rs. 1,947 million in the current quarter against Rs. 1,159 million in the corresponding quarter of the previous year. PAT has to been seen in conjunction with FOREX loss of Rs. 359 million and profit elimination on account of transactions with subsidiaries and associates of Rs. 627 million. After the above adjustments PAT stands at Rs. 2,933 million.

Cash profit for the quarter is Rs. 3,477 million against Rs. 1,583 million in the corresponding quarter of the previous year registering a growth of 120%.

On the standalone performance order book of LITL stands at Rs. 248 billion and out of it a major chunk has been received in the last last 6 to 9 months. So it will take some time before we start recognizing considerable revenue from these projects. Consequently revenue of LITL standalone was Rs. 10,755 million in the current quarter against Rs. 14,517 million in the corresponding quarter of the previous year. EBITDA margin without considering other income and FOREX was around 17% for the quarter and in absolute numbers it stands at Rs. 1,872 million and PAT is Rs. 730 million in the quarter.



*Lanco Infratech
August 16, 2010*

Performance of major operating companies under power vertical was phenomenal and major drivers for our growth.

On power generation side all the operating power companies put together generated 1,975 million units against 845 million units in the corresponding quarter of previous year mainly on account of Kondapalli-II and Amarkantak which got operational only in the second half of the last financial year. In the current quarter both the projects generated a total of 1,203 million units. There was a drop in power generation at Kondapalli I due to maintenance activity at the plant. At Kondapalli operating revenue is Rs. 3,750 million out of which Rs. 1,642 million was from Kondapalli I and Rs. 2,108 million was from Kondapalli-II. For both the units of Kondapalli I and II put together EBITDA was Rs. 1,195 and PAT was at 551 million. The revenue at Amarkantak stood at Rs. 4,100 million out of which Rs. 3,080 million was from Unit-I and Rs. 1,082 million from Unit-II. For both the units of Amarkantak I and II put together EBITDA stood at Rs. 3,077 million and PAT stood at Rs. 1,683 million. Lanco Power Trading Company traded 1,477 million units in the current quarter against Rs. 1,082 million registering a growth of 31%.

Now I would like to give you some of the major highlights for the current financial year till date:

1. Steam turbine at Kondapalli II is now operational and declared COD on 31st July. With this the operating capacity at Kondapalli-II stands at 366 MW. Udipi 600 MW has been synchronized on full load and with this addition of 733 MW our current operating capacity stands at 2,082 MW.
2. Lanco ECP Division won the balance of plant package contract from Maharashtra State Power Generation Company Limited for 1,980 MW Koradi Thermal Power Plant.
3. Lanco's construction division has been awarded the contract for the construction of Bhubaneshwar Airport. This is the second award in airport construction space after the Ranchi Airport.
4. LITL has also been awarded a container terminal at Ennore Container Terminal Project on BOOT basis along with the other consortium partner.

Now I would like to hand over to our Group CFO, Mr. Suresh Kumar for his comments.

Suresh Kumar

Good morning everyone. As you all would have noticed from the commentary of Saurabh as well as the results that we have released to everyone, it is more of a performance of power this time. Power as a division, has contributed close to about 400 odd crores of EBITDA out of the overall 600 crores that we have earned this quarter and it's a reflection of all the projects that are getting into operation mode since March 2010 quarter and it is definitely expected that further capacity additions will contribute to further EBITDAs to the group as a whole and that is the most significant of the developments that we have seen over the last quarters and expecting to see in the coming quarters as well.



*Lanco Infratech
August 16, 2010*

The second important thing that I guess you all have noted is the performance of the standalone business. It is as what we have been telling in the last couple of quarters where the old orders are tapering off and new orders will start coming into our top lines and turnovers beginning from the December quarter. So there would be a couple of quarters during which you will see a flattish kind of a growth coming in from standalone construction and EPC business. It is nothing abnormal and on a year-on-year basis you will see a decent performance on the construction and EPC side. But definitely as I have been saying in the previous con-call, the 1st Quarter June and September Quarter would be relatively flattish and thereafter the new order book will take over in terms of performance. So I leave it here and take questions from all the investors available on the call. Thank you.

Moderator Thank you very much sir. Ladies and gentlemen we will now begin with the question and answer session. The first question comes from the line of Atul Tiwari from Citigroup. Please go ahead.

Atul Tiwari At this point of time your FY-11 EPC revenue growth, what number should we be working with, are we expecting a decline on a full year basis?

Suresh Kumar No.

Atul Tiwari So flat should be a fine assumption?

Suresh Kumar Yeah. In terms of assumption I think anywhere between 15%-20% year-on-year growth is what you should expect for this fiscal. But coming fiscal onwards it would be much more robust growth than 15%-20% assumption for this year.

Atul Tiwari Okay, and sir on margins front, though your margins have recovered from the last quarter but are they expected to remain at the same level which we have reported in this quarter or they are likely to go up?

Suresh Kumar We would say that margins, of course, would move towards the fiscal 2008 kind of a trend. It may not reflect in the immediate quarter but I would say over the next six to seven quarters we would see the margin expansion happening.

Atul Tiwari Okay, and sir my second question is on your depreciation on interest expenses which have come up very sharply on a quarter-on-quarter basis. I understand that last quarter you had also booked some of the previous quarters' depreciation and expense but the decline of, let us say, Rs. 1 billion in depreciation is quite sharp. So are these the normal numbers that we should expect going ahead on a quarterly basis?

Suresh Kumar It is normal I would say because the March quarter was a bit lumpy because the entire depreciation of Amarkantak got accounted in that March quarter through the profit and loss account. So I think there is a bit of smoothening that needs to happen for the numbers of March



*Lanco Infratech
August 16, 2010*

quarter depreciation. But I think you should go by the current quarter as the basis for a quarter-on-quarter rather than only look at March.

Atul Tiwari Okay, and Kondapalli the steam unit and Udupi you have not yet started depreciating, in this quarter at least?

Suresh Kumar No.

Atul Tiwari So the September quarter numbers will have that impact?

Suresh Kumar That's right.

Atul Tiwari Okay, and sir on your tax rates this quarter your tax rates are very low. I believe your tax rates are usually high because of inter-company consolidation and elimination but this quarter they have come very low, so any reason for that?

Suresh Kumar See a good amount of PAT has come from power and therefore, there will be that averaging out effect, first. So instead of being taxed at maximum margin rate of 33% these will be taxed more at MAT level because most of the profits that we have seen in this quarter comes from power. So of course, the tax impact will be lower plus there was this benefit of MAT credit that we could take this year given the fact that Amarkantak-I is one merchant so there was a MAT credit that was coming in earlier than anticipated.

Atul Tiwari Okay sir and any update on your Udupi pass through of fuel cost arrangement? Any updates on that, the buyers and the regulators, have they allowed pass through or the talks are still going on?

Suresh Kumar See as far as we are concerned we have been informed that we are on a tariff as per the CERC mechanism that is the new CERC mechanism, but we are address the formal orders from the relevant authority to determine the tariff. So that process is currently on. But as far as the intention is concerned clearly we will get tariff as per the CERC mechanism currently existing that is the new CERC norm. The only question is what is the tariff that you been given that is being determined by the Commission, will be determined in the due course.

Atul Tiwari Okay and my last question is on this Ennore container terminal. What is your share in the consortium and what is the likely CAPEX?

Suresh Kumar Very earlier days, but our ownership in the consortium is 26% to begin with and we are still in the process of fine-tuning our CAPEX assumptions and our update on august since we did last and in due course we would inform everyone one but on a very broad basis from what I understand, it is about close to a \$400 million kind of a CAPEX. Of course, in this space typically the debt equity ratio of even 70:30 or maybe 80:20 and the balance equity needs to be spread amongst the four partners and Lanco share being 26% is not a significant equity investment outflow.

- Atul Tiwari** Okay sir but this has been finally awarded because, I believe, it has been hanging on for quite some time because certain legal issues. So the award has happened finally and there are no legal issues pending.
- Suresh Kumar** Absolutely no issues, in fact the award was given on Friday in Chennai and the concession agreement as well. I do not see any uncertainty there.
- Atul Tiwari** Okay sir, thank you, thanks a lot for answering my questions.
- Moderator** Thank you. Our next question comes from the line of Madanagopal from Centrum Broking. Please go ahead.
- Madanagopal** Yeah my first question is on Lanco Amarkantak II Phase, this project is commercially operational now?
- Suresh Kumar** Yeah.
- Madanagopal** Sir I understand that we had an agreement with selling it through PTC so are we doing it through PTC or how is it currently happening?
- Suresh Kumar** As of today we have not yet scheduled the power we are selling it in the UI market. So only after we schedule the power we will route it through PTC otherwise we are just pushing it into the grid.
- Madanagopal** So when do you expect this scheduling to happen?
- Suresh Kumar** In due course, we are just waiting for some formal tariff finalization between PTC and Haryana, its around the corner, it should happen anytime.
- Madanagopal** Okay, sir the second question is on Lanco Kondapalli-II the entire plant, due to some maintenance our PLF has come down, so if not for maintenance can be assume that 85% PLF is possible in this front?
- Suresh Kumar** You are talking about Amarkantak II?
- Madanagopal** No, Lanco Kondapalli.
- Suresh Kumar** Kondapalli I, right?
- Madanagopal** Yeah.



*Lanco Infratech
August 16, 2010*

- Suresh Kumar** See normally we go through an annual maintenance shutdown so it is very normal if we have it every year. This time it happened in May so we will recover most of those units loss in the next couple of quarters.
- Madanagopal** Okay so 85% PLF is possible for the full year.
- Suresh Kumar** Yeah for the full year it will be possible.
- Madanagopal** Thank you sir.
- Madanagopal** Okay sir, thanks for taking my questions.
- Moderator** Thank you. Our next question comes from the line of Parag Gupta from Morgan Stanley. Please go ahead.
- Parag Gupta** Just two questions, firstly as for the gas allocation for Kondapalli-III is concerned, what are you hearing from the Ministry, are you expecting the gas allocations to be made much earlier than commissioning or is it going to be just ahead of when your plant is about to get commissioned?
- Suresh Kumar** See all of us are awaiting the minutes of the group of minister's discussion that happened on July 28th. On the face of it, it doesn't look like we will have to wait until commissioning because it looks like that the group of ministers have taken a decision. But the only thing is we do not know what are the exact contours of the decision until it is formally announced based on the minutes that get released for the general public, so all of us are waiting. It has been almost a fortnight since that meeting and I am sure it should come out any time soon. But I do not see a reason to assume that it will take some time to allocate, it may happen even earlier than the actual commission.
- Parag Gupta** But just to understand would the gas allocation happen from KG D-6 or would it be a pool of gas coming in various sources?
- Suresh Kumar** It will be of course a pool of gas from various sources because we are given to understand that ONGC has also started producing gas from acreages on the Western side of India plus there are some marginal fields of ONGC that are also expected to produce gas and supplement production plans of Reliance Industries as well. So it will be now as we have seen the gas situation could be from multiple sources. What I mean to say is that it could be gas sourced out of Reliance Industries as well as ONGC.
- Parag Gupta** Yeah. And secondly could you give us some color or what is happening with Udupi-Unit II and Anpara?
- Suresh Kumar** Well Udupi-II is again in an advanced stage of commissioning. We are anticipating that September-end October-mid you would see us synchronizing the second unit as well. There

could be some anticipated issues related to transmission of the Unit-II because the transmission corridor for Unit-II is actually still under construction. So there could be a one month lag in terms of evacuation. But in fact we are working towards making sure that the lag is minimized but certainly by September-end October early we will synchronize the second unit.

Parag Gupta Sir to understand when you say synchronized, do you think the transmission lines will be available by then or would you just be recovering capacity charges given that there will be no evacuation available?

Suresh Kumar We are trying to minimize the lag. Hopefully there will not be much of a delay there on account of the evacuation delays, but even if there is, say a, 15-day to 20-day lag we will always recover our

Parag Gupta And what about Anpara?

Suresh Kumar Anpara is moving towards the December and March synchronization Unit I and Unit II respectively. So there are no issues there. We are going as per plan.

Parag Gupta Great, thank you.

Moderator Thank you. Our next question comes from the line of Pankaj Sharma from UBS. Please go ahead.

Pankaj Sharma Good morning everyone. Just two questions, one is that in terms of progress on underdevelopment project which are other than the already advanced stage construction projects like Babandh, Vidarbha and Kondapalli-III. By when do you expect the commissioning of these projects?

Suresh Kumar FY14, most of the projects will be seen.

Pankaj Sharma Kondapalli could be earlier?

Suresh Kumar Kondapalli will be earlier because firstly the way the things are going in Kondapalli before 11th Plan both the units should be operational on a combined cycle basis. So I think during the calendar year of 2011 you will see both the gas turbines operational.

Pankaj Sharma Okay and what is the status in terms of COD announcement for Udupi and Anpara because as you said synchronization has already happened for Unit I and synchronization for Unit II is September-October, but in terms of COD announcement what is the likely timeline?

Suresh Kumar See our experience is that based on whatever we see in Chinese equipment, the interval between synchronization and COD is not long. So if you synchronize your plant on full load you can technically perhaps think of stabilizing the plant in about a month's time and announce COD

immediately thereafter. So I am not seeing a huge time gap between synchronization and COD, in fact for Unit I its evaluated whether we can push for COD this month itself but we believe it's possible but we do not want to rush into that COD. But effort is being to announce the COD for Unit I and thereafter focus on Unit II synchronization in COD. But as I said there will not be a huge time gap between synchronization and COD.

Pankaj Sharma

Right I got it. Just one question on construction division, we have seen a lot of progress in terms of the order wins from external contracts. So do you think that mix could be significantly changed in another 2 to 3 years by the time you could probably have a 60-40 or 70-30 kind of mix between internal and external projects in a year?

Suresh Kumar

I think we will work towards 75-25 kind of a structure between internal and external respectively. Again I am not so sure whether it becomes 60-40. I think we are compromising on our internal project I would say if you go for the 60-40 kind of a ratio. But I would say like given the base is pretty high for us even the 75-25 mix between internal and external, is a pretty large order book by itself.

Pankaj Sharma

Yes exactly, thank you very much.

Moderator

Thank you. A next question comes from the line of Ankush Mahajan from KC Securities. Please go ahead.

Ankush Mahajan

Good morning sir. Sir my question is regarding raw material prices, this quarter the consumption of raw materials is low. Would you throw some light on it?

Suresh Kumar

Come Again I missed your question.

Ankush Mahajan

Sir my question is regarding consumption of raw material in the last quarter, so raw material prices is low. So would you throw some light on it?

Suresh Kumar

It is in line with the expansion of EBITDA margin for the construction vertical and certainly prices have not been as high as they were in 2009 on the raw material front. So it's only reflecting in those commodity cost reduction since last year and this year as well.

Ankush Mahajan

Thank you sir.

Moderator

Thank you. The next question comes from the line of Sumit Kishor from JP Morgan. Please go ahead.

Sumit Kishor

Good morning sir. Sir most of my questions have been answered, just a couple more based on your press release. The net debt-to-equity including associates was around 3.3 at the end of June quarter. This is net of cash and cash equivalence, given that I would also like to know what is the status on financial closure for 4 gigawatt of project which includes Babandh, Vidarbha and A3

and A4. But post achievement which I believe is not very far away where do you see the your peak net debt-to-equity ratio going and in your view what is the prospect from near-term fund raising?

Suresh Kumar

If you see our press-release, you will notice that for all our new projects its on Page #5 if you see the status of project under construction there is a table on CAPEX across various projects you will notice that during now the 4 new projects that we are doing that is Kondapalli Phase II Vidarbha, Babandh as well as A3 and A4. We already have started incurring CAPEX. If you notice A3, A4 we spent almost 832 crore, Kondapalli 484 crore, Vidarbha 612 crore, Babandh 428 crore so we started spending on the projects and we also started taking up debt on those projects. If you look at the from a financial closure angle Babandh that is a project in Orissa we signed our financial documents on the loan side of the financing. A couple of other documents that are yet to be signed which will get over in this week or so and then we will finally announce to the entire world that we have achieved financial project for Orissa project. If you look at it from Vidarbha project we have received sanctions for the entire debt. We are in the process of finalizing the loan documents and you will see us signing the loan documents either by the end of this month or the first week or second week of September. So two large projects, Vidarbha and Babandh are in very advance stage of financial closure. Kondapalli Phase-III out of 1800 crore of debt that we need for the project we have already got close to about 1450 crore of debt sanctioned. We have also got some of the loan actually disbursed. It is only a matter of syndicating another 400 crore of debt and proposals are there with various banks and we are quite confident that at the end of this month we get financial is for Kondapalli Phase-III as well. And in due course by early September we will complete our documentation for Kondapalli Phase-III as well. What is left is of course Amarkantak-III and Amarkantak-IV and out of 5500 crore of debt that we will need for that project I think at last count we have received sanctions to the tune of 3000 crore and couple of large banks are considering sanctioning to the project in some of the board meetings that are schedule for 23rd and 24th of this month. So I would expect the financial for Amarkantak-III and IV also to come through this month as well as early part of September. Currently financial closure is in pretty much very-very advance stage but we are not waiting for such thing to happen, we are going ahead and spending. We are also drawing down some sanction debts from the bank. I think from that angle not much of a concern on financial closure. With regards to your question on funding our equity giving the state of our cash flows currently as well as going forward I think we are pretty much self-sufficient on our equity requirement and we do not see any reason to pass the external sources of funding. I think we are pretty okay as far as.....

Sumit Kishor

But Suresh don't you see the net debt-to-equity falling further from this point of time as you draw more debt on your new projects?

Suresh Kumar

But you know my EBITDA is also growing and cash flows are growing and therefore my reserves would also eventually grow. So as it stands today it may be high but I would see it only coming down over the next couple of quarters.



*Lanco Infratech
August 16, 2010*

- Sumit Kishor** Sir my next question is on Babandh, there are some concerns regarding land acquisition there, what is the status on land acquisition in Babandh as of now?
- Suresh Kumar** As far as we are concern we have possession of the land. We already started work on the land so despite whatever you read in the newspaper report I don't think it has impacted the progress of the project in anyway. We have legally acquired the land and we are in possession of the land. We do not see much of an issue here.
- Sumit Kishor** And there is a small clarification, ahead of financial closure the debt that you have drawn in Babandh can you draw debt on a project before financial closure? On Babandh's the debts that have been drawn down till now 3.7 billion, this is ahead of financial closure, right? The debt draw down which has happened on Babandh till now Rs 3.7 billion as per your press release is ahead of financial closure.
- Suresh Kumar** That's right.
- Sumit Kishor** Okay. Thank you so much sir, all my questions have been answered.
- Moderator** Thank you. A next question comes from the line of Aman Batra from Goldman Sachs. Please go ahead.
- Aman Batra** Just needed some clarification on the capital employed, the standalone capital employed on the construction site is negative and it is positive on the consolidated, it is an accounting treatment or how does that work?
- Suresh Kumar** Negative capital employed? I will tell Saurabh and Vipul to get back to you.
- Aman Batra** Second was on the coal supplies from Coal India under the linkages, what kind of supplies are you seeing right now?
- Suresh Kumar** Pretty robust, if you see Amarkantak-I and II, we are hardly importing any coal in the sense that earlier we used to think like there may be a need to supplement our sources of imported coal but now we are able to manage with linkage as well as e-auctioned coal and meet our targeted PLF plan. So, right now most of us are firing on only domestic coal.
- Aman Batra** Okay, fine. Thanks a lot.
- Moderator** Thank you. Our next question comes from line of Avinash Agarwal from Sundaram Mutual Fund. Please go ahead.
- Avinash Agarwal** Sir just wanted to know our PLF in Kondapalli-II seems to be a little low, was a maintenance shutdown there as well?



*Lanco Infratech
August 16, 2010*

- Suresh** Kondapalli-II, no it is not shutdown. When you are doing the combined cycle integration with the single cycle you lose some production hours. So most of June we had to run the single cycle on a low PLF because you need to go through frequent shutdowns to integrate the combined cycle operation. That is the steam turbine with the gas turbine. So it is very normal commissioning related reason which brought down the PLF in that month but it is more to make sure that your combined cycle operations are integrated well. So it is just an aberration, you will see the pick-up from this quarter onwards.
- Avinash Agarwal** And sir what is your approximate cost of production in Amarkantak and Kondapalli sir, per unit?
- Suresh** If you look at the cost of generation, Amarkantak will be somewhere around Rs. 2.30 kind of range whereas Kondapalli combined cycle will be at Rs 2.50 to 2.75 per unit.
- Avinash Agarwal** Okay that is it from my side sir thank you.
- Moderator** Thank you, the next question comes from line of Gautam Bafna from B&K Securities. Please go ahead.
- Gautam Bafna** Sir, most of my questions have been answered, just one question. What is the size of BOP project we have bagged from Maharashtra Genco?
- Suresh** 1300 crore.
- Gautam Bafna** Fine sir, thank you very much.
- Moderator** Thank you. The next question comes from line of Salil Desai from IDFC Securities. Please go ahead.
- Salil Desai** Just again to clarify on Udupi, so irrespective of our synchronization schedule of Unit-II when will we continue to recognise revenues and pass it through P&L this quarter onwards?
- Suresh** You are talking about Udupi, right?
- Salil Desai** Yeah Udupi.
- Suresh** Not so sure.
- Salil Desai** The P&L recognition will happen only when both units are fully commissioned.
- Suresh** No, we will start P&L for Unit-I right away, we will not wait till Unit-II synchronization and COD. We will do it one by one.
- Salil Desai** Okay, sir second is what the gross is debt at the standalone entity what is that number?



*Lanco Infratech
August 16, 2010*

- Suresh** Gross debt at the standalone entity will be some 2500 crore including working capital.
- Salil Desai** Sir finally on your website there has been Greenfield plants in Tamil Nadu and Utter Pradesh and other places. You can give us some details on where we would be in terms of milestones in these projects for these are initial....
- Management** No these are normal development initiatives that we are taking for the future initiatives that we may want to take. Typically as you know it takes about at least two years for you to bring the project to a stage of financial closure. So these are just initial formalities that we need to complete in order to bring a project to a stage where we can get all the require approvals before we start achieving financial closure.
- Salil Desai** Any of these projects we would have at least now may be short term fuel supply side or land or water, any one of these critical milestones achieved in any of these?
- Management** We will achieve them over the next 1-2 years.
- Salil Desai** Okay, sir thank you very much,
- Moderator** Thank you. The next question comes from the line of Rahul Agarwal from Anand Rathi. Please go ahead
- Rahul Agarwal** Sir as far as our road projects are concerned I believe most of the CAPEX is already done, it shows close to 1000 crore as of end first quarter. I just wanted to know how much balance CAPEX is yet to be incurred and what is the commissioning date we are expecting?
- Suresh Kumar** We are looking to commissioning the first one in the in the third quarter of this year, Devihalli in the March quarter.
- Rahul Agarwal** Okay, how much is the balance CAPEX for both these projects?
- Suresh Kumar** I think 170 crores first one.
- Rahul Agarwal** And for Devihalli?
- Suresh Kumar** No 460 crore is left. Largely it will be on the Devihalli side. Almost 270 crores of Devihalli and 180 crore of Hoskote.
- Rahul Agarwal** Thank you very much.
- Moderator** Thank you. Our next question comes from the line of Atul Tiwari from Citigroup. Please go ahead.



*Lanco Infratech
August 16, 2010*

- Atul Tiwari** I had a follow up question on your BOP order; you said that the size is 13 billion. Sir what is your targeted margin in this, order any guidance on that?
- Suresh Kumar** No guidance.
- Atul Tiwari** So margins will be comparable to your EPC margin currently or lower than that?
- Suresh Kumar** It will be the same but it will definitely be lower because see our EPC margin is not a margin that we earned as a contractor and construction guy. We also have a developer margin upfront is there.
- Suresh** Atul also one more thing subway BOP project, it is a limited scope it is not the entire BOP and hence this lower value of 1300 crore.
- Atul Tiwari** So what is included in that and what is excluded roughly?
- Suresh Kumar** BTG excluded. It is only balance of plant.
- Atul Tiwari** But except for BTG all components in balance of plant, right? Ash handling, coal handling.....
- Suresh Kumar** Services, the engineering both are separate no. Balancing plant typically includes coal handling, Ash handling all that stuff.
- Atul Tiwari** Okay sir thank you.
- Moderator** Thank you. The next question comes from the line of Sumit Agarwal from Met Life. Please go ahead.
- Sumit Agarwal** Sir just wanted one clarification actually you have said that the CAPEX left for the to road projects is I couldn't get the numbers, is it 180 for Hoskote and Devihalli for 400?
- Suresh** Yes 270 for Devihalli and Hoskote is about 150-170.
- Sumit Agarwal** That was one thing, because if I look at your press release which says that the order book is left with 230 crore only, is it some part is being done by someone else?
- Suresh** There will be others also doing . it at the project level. See look at it like Sumit my total CAPEX is about 1400 crore between the two projects out of which I spend some 1050 crore, so I have 400 crore left. Largely it is in Devihalli.
- Sumit Agarwal** Sir I just wanted to check whether you received the Ennore Container Terminal, when are you going for the financial closure? It is just you have received the project and can we get some timeline in terms of the various milestones that you would be looking at?



*Lanco Infratech
August 16, 2010*

Suresh Kumar

May be over the next six months we will do it but it is like a small \$400 million project. Too small for us to worry about financial closure actually.

Sumit Agarwal

Thanks a lot sir.

Moderator

Thank you. As there are no further questions I would like to hand the floor back to the management for closing comments.

Suresh Kumar

Thank you all for participating in this Lanco conference call. I hope we addressed all your questions and will be very happy to take any other questions of line if you want to take it up with us. Please get in touch with our investor relations team and look forward to meeting all of you in due course or on a con call in future. Thank you very much.

Moderator

Thank you. On behalf of Kotak securities Ltd that concludes this conference call. Thank you for joining us and you may now disconnect your lines.